

Message Text

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ACTION EB-11

INFO OCT-01 ISO-00 IO-14 OIC-04 AF-10 ARA-16 EA-11 EUR-25

NEA-14 RSC-01 FEA-02 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 AID-20 CIEP-02 SS-20 STR-08 TAR-02

TRSE-00 USIA-15 PRS-01 SP-03 OMB-01 SWF-02 DRC-01

/249 W

----- 098262

R 011550Z JUL 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 6787

INFO AMEMBASSY BELGRADE

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMCONSUL HONG KONG

AMEMBASSY ISLAMABAD

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: TEXTILES SURVEILLANCE BODY -JUNE 27-28 SESSION

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1. TSB CONVENED BY CHAIRMAN WURTH MORNING JUNE 27

COMPLETED AGENDA MID-AFTERNOON JUNE 28.

2. BODY APPROVED WITHOUT SIGNIFICANT MODIFICATION
SECRETARIAT REPORT OF JUNE 7-8 MEETING.

3. SECRETARIAT CIRCULATED AND BODY REVIEWED NOTIFICATIONS
OF RESTRICTIONS SUBMITTED BY INDIA, PHILIPPINES AND POLAND
PURSUANT ARTICLE 2 OF ARRANGEMENT.

4. IN COURSE OF REVIEW OF BILATERAL TEXTILE AGREEMENT
(NOTIFIED BY AUSTRIA) BETWEEN AUSTRIA AND EGYPT (COVERING
COTTON YARNS ONLY), BASIC ISSUE OF EXTENT TO WHICH BODY
WOULD LOOK BEHIND ARTICLE 4 BILATERAL AGREEMENTS AROSE AND
WAS DEBATED IN EXTENSO. INTER ALIA AUSTRIAN TRANSMITTAL
"JUSTIFIED" BILATERAL ON GROUNDS THAT AUSTRIAN CITY (WIENER
NEUSTADT) WHERE SUCH YARNS ARE PRODUCED "SUFFERED GREATEST
WAR DAMAGE OF ALL AUSTRIAN CITIES." MEXICAN, KOREAN AND
NORDIC REPOS ON BODY ARGUED THAT BILATERAL APPEARED TO BE
INCONSISTENT WITH "REAL RISKS OF MARKET DISRUPTION"
CRITERIA OF PARA 2, ARTICLE 4 OF ARRANGEMENT AND, FURTHER,
THAT GOA SHOULD BE QUERIED ON THIS POINT BEFORE AGREEMENT
IS CIRCULATED TO TC. U.S. REP SUPPORTED BY EC, PAKISTAN,
JAPAN AND YUGOSLAVIA REPS TOOK POSITION THAT, IN ABSENCE OF
COMPLAINT BY PARTIES TO AGREEMENT OR JUSTIFIED COMPLAINT BY
INTERESTED THIRD PARTY, TSB SHOULD NOT ATTEMPT TO LOOK BEHIND
ACTIONS TO SOVEREIGN STATES WHICH BODY COULD ASSUME IN ABSENCE
COMPLAINT WERE BOTH SATISFIED THAT REQUIREMENTS ARTICLE 4 HAD
BEEN MET. BODY FINALLY AGREED CIRCULATE BILATERAL TO TC
AFTER SECRETARIAT RECEIVED CONFIRMATION FROM EGYPT THAT
AGREEMENT IS, IN FACT, A BILATERAL AGREEMENT. WHILE
WE CAN HOPE THIS ISSUE IS NOW LAID TO REST, IT WOULD BE
ADVISABLE FOR PARTIES TO NEW BILATERAL AGREEMENTS TO MAKE
OVERT REFERENCE TO SATISFACTION OF PROVISIONS ARTICLE 4 IN
EITHER BODY OF TEXT SUCH AGREEMENTS OR IN NOTE OF TRANSMITTAL
TO TSB.

5. EC PROVIDED ADDITIONAL INFORMATION REQUESTED BY TSB IN
REGARD TO ITS ARTICLE 2 NOTIFICATION. JAPAN REP TABLED FOUR-
PAGE LIST ADDITIONAL QUESTIONS TO EC ON EC NOTIFICATION WHICH
INTER ALIA IMPLY FAILURE EC NOTIFY SOME RESTRAINTS IN EFFECT
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VIS-A-VIS JAPAN. JAPAN REP, AFTER POINTING OUT THAT SIXTY-DAY
PERIOD FOR EC NOTIFICATION HAD EXPIRED, ASKED EC IF IT COULD
BE ASSUMED THAT SUCH RESTRAINTS HAD BEEN TERMINATED. EC
PROMISED RESPOND ASAP.

6. U.S. REP RAISED AGAIN QUESTION ADEQUACY EC NOTIFICATION
OF COTTON BILATERALS WHICH, THOUGH NOW EXPIRED, STILL HAD EFFECT
THROUGH "VOLUNTARY UNILATERAL EXPORT RESTRAINTS" IMPOSED BY

THE EC S FORMER BILATERAL PARTNERS. EC REP ARGUED THAT (A) EC NOTIFICATION IN RESPECT THESE ARRANGEMENTS WAS ADEQUATE AND (B) SINCE THEY HAD EXPIRED EC, IN FACT HAD NO OBLIGATION TO NOTIFY THEM AT ALL. U.S. REP OBSERVED THAT, IF RESTRAINTS WERE IN EFFECT AND EC HAD NO OBLIGATION TO NOTIFY, COUNTRIES EFFECTING RESTRAINT DID HAVE OBLIGATION TO REPORT THESE RESTRAINTS IN DETAIL. THIS POINT TSB REPS OF THREE OF THE FIVE COUNTRIES CONCERNED (JAPAN, KOREA AND PAKISTAN) INDICATED THEIR INTENT TO NOTIFY SUCH RESTRAINTS SOONEST AND IN DETAIL. TSB, THROUGH SECRETARIAT, IS REQUESTING INDIA AND EGYPT TO ALSO NOTIFY THEIR "EXPORT RESTRAINTS".

7. TSB DISCUSSED AND APPROVED IN PRINCIPLE A NOTE TO MEXICO PROVIDING GUIDELINES AND PROCEDURAL SUGGESTIONS FOR MEXICAN (NON-GATT PARTICIPANT IN ARRANGEMENT) APPLICATION FOR JUSTIFICATION MAINTENANCE ITS TEXTILE IMPORT RESTRAINTS UNDER PROVISIONS PARA 2 ARTICLE 2 ARTICLE 2 OF ARRANGEMENT. FINAL READING AND APPROVAL OF NOTE WAS, AT REQUEST EC REP, DELAYED UNTIL NEXT SESSION TSB. NOTE MAKES CLEAR THAT, WHATEVER DISPOSITION IS MADE OF MEXICO APPLICATION, SUCH DOES NOT CONSITUTE ANY INTERPRETATION OF THE GENERAL AGREEMENT NOR PREJUDICE IN ANY WAY PROCEDURE TO BE FOLLOWED WERE MEXICO ONE DAY TO BECOME A CONTRACTING PARTY TO THE GATT.

8. NEXT MEETING TSB SET FOR JULY 11-12. ABRAMS

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